

MINUTES

HOUSE HEALTH AND WELFARE SUBCOMMITTEE

DATE: February 9, 2006

TIME: 3:00

PLACE: Room 416

MEMBERS: Chairman Block, Representatives Garrett, Nielsen, Loertscher, Henbest, Rusche

**ABSENT/
EXCUSED:** Representative Loertscher, Absent

GUESTS: Karl Kurtz, Director, Health and Welfare; Ken Deibert, Administrator, Division of Family and Community Services (FACS); Bruce Dunham, Administrator, Division of Information and Technology Services.

Chairman Block convened the meeting of the Health and Welfare Subcommittee at 3:16 P.M.

During this meeting, the Subcommittee reviewed budget decision units (DUs) presented by the Department of Health and Welfare. Chairman Block thanked Representative Garrett for her work in organizing the meeting.

Karl Kurtz presented an overview. He drew the members' attention to a budget book that they could refer to during the presentations. He said the Governor's request and the Department's recommendations differed because the Governor had to prioritize. He pointed out that items not funded this year would need to be addressed next year. He said there were five pots of money:

- 1) Employee compensation. Much of the problem was addressed with the recent 3% increase.
- 2) Automation projects including: Replacement of the Medicaid Management Information System (MMIS) over the next three years, replacement of the Eligibility Program Integrated Computer System (EPICS) and document management (the Department handles 25,000 document per day and 30 million per year).
- 3) Adult mental health need for additional clinicians and social workers to provide outpatient care and to avoid hospitalization. The request includes a 5 bed increase at State Hospital North (SHN).
- 4) Addressing the fiscal impact of the Medicare Part D prescription program which includes the "clawback" and state costs for drugs for Medicaid clients who are not eligible for Medicare prescription coverage.
- 5) Health needs including vaccinations, the phenylketonuria (PKU) program, Cystic Fibrosis and AIDS.

Mr. Kurtz said the costliest item is the 11.8% general fund increase over the 2006 budget. Most of the increase is attributed to Medicare Part D.

Ken Deibert, Administrator, Division of Family and Community Services (FACS), presented his division's DUs. FACS employs over half of the Department's employees - 1,700. FACS is also responsible for State Hospital South (SHS), SHN and the Idaho State School and Hospital (ISSH). The institutions require a great deal of staffing. The FACS budget includes four supplemental requests:

1. An increase in Trustee and Benefits funds for the Infant/Toddler program serving children from birth to age 3. The Infant/Toddler program is responsible for early intervention to address developmental disabilities and developmental delays using a comprehensive network of health providers who work with the Department to assess eligibility and develop treatments and interventions. Fifteen FTP costing \$1.4 million were requested to respond to the increasing Idaho population, the increase in children diagnosed with autism and autism spectrum disorders, and long term needs. Because of these pressures, families were on waiting lists and treatments were reduced in scope.

The need for monitoring Intensive Behavioral Intervention (IBI) services is also increasing. In 2002, 74 children needed IBI; in 2005, over 2,000 needed IBI. Also, of 400 foster children evaluated for child protection, over 50% entered into the Infant/Toddler program. A representative asked if the supplemental addressed the three year IBI cap. Mr. Deibert said this needed further discussion. A representative asked how IBI was integrate with the school systems. Mr. Deibert said some services were provided by schools. A representative asked how much money the program used and the answer was just under \$11 million. A representative asked why there was no federal match. Mr. Deibert said the program had received the maximum amount of federal funds available.

Representative Garrett recommended that the Subcommittee ask the full Committee to address the request for the Infant/Toddler positions because of the program's importance in helping children outgrow their delays and achieve equal footing with their peers when they start kindergarten.

Representative Henbest said the program might look like special health insurance. She said she planned to introduce a bill to provide insurance for early intervention programs and asked for the Chairman's support.

MOTION: Representative Garrett moved that the evaluation be free but that services be needs-based. The motion passed by voice vote.

MOTION: Chairman Block moved that the Subcommittee recommend to the full Committee that they recommend to JFAC that the 15 FTP for the Infant/Toddler program be funded. The motion passed by voice vote.

Mr. Deibert continued, stating that the adult mental health program had an increased need to place individuals in state psychiatric facilities. This increased the need for clinicians as clinician caseloads went from 90 in 2002 to 145 in 2005. The program tried to reduce demands on state and

community hospitals and there was a 6% reduction in recidivism. Pharmacies partnered with the Department to provide free and reduced-price prescriptions to people with mental illness but this was jeopardized by the demands on pharmacies of Medicare Part D. The supplemental request for hospitals to cover the cost of community-based health care was over \$9 million.

A representative suggested more hospital beds and negotiations for more consistent daily rates. Mr. Deibert said the Department tried this but some hospitals bill on "reasonable and customary" following statutory language and did not want to reduce their rates. Of the 11 hospitals with negotiated rates in the first two years of the program, seven terminated their contracts. If an individual was hospitalized in his or her home county, the Department usually would pay the county rate. A proposal for hospitals to provide long term care was developed and will be dealt with in April. He said the Department would continue to look at ways to reduce length of stay. Discussion occurred on the federal prohibition on using federal Medicaid funds for adult inpatient psychiatric services.

MOTION: Representative Garrett moved that the Subcommittee recommend to the full Committee that JFAC fund one FTP to form a state work group on developing care and services. A representative asked how much that would cost and Mr. Deibert said around \$88,000. The motion passed by voice vote.

The Subcommittee recessed from 4:22 to 4:32.

MOTION: Representative Garrett moved that the 8 Assertive Community Treatment (ACT) team positions in the Department's request be funded for Region 3. ACT team intervention could reduce hospitalizations and other costs.

SUBSTITUTE MOTION: Representative Henbest made a substitute motion that the Mental Health Subcommittee's submotion be accepted because it recommended funding beyond one ACT team.

AMENDED SUBSTITUTE MOTION: Representative Garrett moved to amend the substitute motion to a recommendation from the Subcommittee to the full Committee that JFAC support the increase in the number of ACT team staff. The motion passed by voice vote.

A representative requested more information about the SHN expansion. Mr. Deibert said the request was for 5 beds and 20 FTP. The cost for an SHN bed is \$380 per day while a community hospital bed costs over \$700 per day. The FTP request is to build up staffing to provide safe and effective care. Current staffing was 1.01 direct care FTP per occupied bed while the recommended staff-to-bed ratio was 1.92 FTP. If staff were added but no beds, 11 FTP would achieve the 1.92 staffing ratio. In response to a representative's dilemma over cost and quality, Mr. Deibert said the current staffing ratio put unreasonable demands on staff and was "a time bomb waiting to go off." A representative said hospitals are drastically needed and related stories of mentally ill individuals who were held in abusive conditions awaiting a bed. A representative said she

wanted to compare costs at Saint Alphonsus Hospital with state costs.

Regarding reconstruction of facilities, Mr. Deibert said a request went to the Department of Administration. He also stated that the Department is not looking for funds beyond the Governor's budget. If the requests are not granted this year, the Department will be back next year.

The Chairman thanked Mr. Deibert for his presentation and he thanked the Chairman for listening.

Mr. Kurtz introduced Bruce Dunham, Administrator, Division of Information and Technology Services. Mr. Dunham thanked the Subcommittee and reviewed the information technology requests.

1. Mr. Dunham discussed document management and how it increased staff efficiency. Document management was included in the MMIS update request. The Department requested for 4 FTP and \$3.9 million for hardware and software. As previously stated, the Department handles 25,000 pieces of paper each day and 30 million each year.

A representative said she asked Self-Reliance program staff what they needed most and the answer was document management. She asked Mr. Dunham how modernizing computer systems would increase productivity. Mr. Dunham said it was difficult to quantify but he would put some figures together. A representative asked why the Governor said "No" to the Department's request. Mr. Dunham said it had to do with a finite amount of money and differing priorities.

2. Mr. Dunham discussed the MMIS update and the dilemma caused by the expiration of the Department's contract with EDS. The centers for Medicare and Medicaid Services (CMS) approved moving to a newer system and would provide 90/10 matching funds for automation. The department would make the system accessible to managers instead of only higher-cost information technology staff. A representative that when she called other states making the transition, they recommended a two-year process but the Department had only eighteen months. Mr. Dunham said the Department's intention was to have a two-year implementation process and is negotiating with EDS for a month-by-month contract through 2007 to ease the situation.

3. Mr. Dunham addressed the need to replace the Eligibility Program Integrated Computer System (EPICS) used in the process of determining benefit eligibility. EPICS was designed 20 years ago and wasn't fully automated. Many manual processes were required to support the system. The Office of Performance Management found that EPICS reduced efficiency and delayed eligibility decisions. The cost of an upgrade would be \$5.7 million and 20 limited service FTPs would be required. \$1.5 million in carry-over money would be available. A representative asked if the FTP could be moved to contractors and Mr. Dunham said yes. A representative asked if this would be one-time money. Mr. Dunham said it would. A representative suggested a recommendation to continue the carry-over money into next year.

MOTION:

Representative Henbest moved that the Subcommittee recommend to the

full Committee that they include \$3 million and no FTP in their recommendation to JFAC. The motion passed by voice vote.

Chairman Block thanked Mr. Kurtz and Department staff for the presentation.

ADJOURN: The Chairman adjourned the meeting at 5:54 P.M.

Representative Sharon Block
Chairman

Mary Betournay
Secretary